REPORT ANALYSIS

ENGRO POWERGEN QADIRPUR LTD

BALANCE SHEET

	2022 Rs.	2021 Rs.	2020 Rs.
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3,238,000	3,238,000	3,238,000
Share premium	80,777	80,777	80,777
Maintenance reserve	227,182	227,182	227,182
Hedging reserve	-	11,575	12,449
Unappropriated profit	9,558,830	12,620,274	12,078,318
Total equity	**13,104,789**	**16,177,808**	**15,636,726**
NON-CURRENT LIABILITIES			
Borrowings	-	-	-
Other Payable	-	-	986,605
CURRENT LIABILITIES			
Trade and other payables	4,822,707	6,432,479	5,190,675
Unclaimed dividend	20,386	20,589	22,575
Accrued interest / mark up	199,306	61,319	55,268
Short term borrowings	6,014,459	4,752,443	3,618,445
Current portion of borrowings	-	-	-
Unpaid dividend	-	-	-
Total current liabilities	**11,056,858**	**11,266,830**	**8,886,963**
TOTAL EQUITY AND LIABILITIES	**24,161,647**	**27,444,638**	**25,510,294**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11,112,553	11,814,962	12,685,728
Intangible assets	206,095	225,726	60,459
Long term loans and advances	12,966	13,938	23,233
Long term deposits	2,574	2,574	2,574
Total non-current assets	**11,334,188**	**12,057,200**	**12,771,994**
CURRENT ASSETS			
Inventories	844,297	544,469	853,335
Trade debts	9,800,242	11,842,552	7,040,059
Short term Investment	449,997	49,179	49,321
Loans, advances, deposits and prepayments	148,006	91,304	104,018
Other receivables	1,473,159	2,780,455	4,644,272
Taxes recoverable	31,637	35,042	34,254
Balances with banks	80,121	44,437	13,041
Total current assets	**12,827,459**	**15,387,438**	**12,738,300**
TOTAL ASSETS	**24,161,647**	**27,444,638**	**25,510,294**

PROFIT AND LOSS STATEMENT

Profit and Loss Account Amounts in '000	2022 Rs.	2021 Rs.	2020 Rs.
Sales	10,026,884	10,203,775	8,097,818
Cost of Sales	(8,315,592)	(8,820,758)	(6,358,895)
Gross profit	1,711,292	1,383,017	1,738,923
Administrative Expenses	(321,133)	(168,020)	(103,724)
Other expenses	(69,310)	(56,414)	(66,350)
Other income	22,764	4,090	79,681
Profit from operations	1,343,613	1,162,673	1,648,530
Finance income / (cost) - net	135,180	433,529	445,715
Profit before taxation	1,478,793	1,596,202	2,094,245
Taxation	(7,037)	(1,895)	(15,075)
Profit for the year	**1,471,756**	**1,594,307**	**2,079,170**

FINANCIAL RATIO

- FINANCIAL RATIOS ARE CREATED WITH THE USE OF NUMERICAL VALUES TAKEN FROM FINANCIAL STATEMENTS TO GAIN MEANINGFUL INFORMATION ABOUT A COMPANY. THE NUMBERS FOUND ON A COMPANY'S FINANCIAL STATEMENTS – BALANCE SHEET, INCOME STATEMENT, AND CASH FLOW STATEMENT – ARE USED TO PERFORM QUANTITATIVE ANALYSIS AND ASSESS A COMPANY'S LIQUIDITY, LEVERAGE, GROWTH, MARGINS, PROFITABILITY, RATES OF RETURN, VALUATION, AND MORE.

FINANCIAL RATIOS CATEGORIES:

- **LIQUIDITY RATIOS :** LIQUIDITY RATIOS ARE FINANCIAL RATIOS THAT MEASURE A COMPANY'S ABILITY TO REPAY BOTH SHORT- AND LONG-TERM OBLIGATIONS.
- **LEVERAGE RATIOS :** LEVERAGE RATIOS MEASURE THE AMOUNT OF CAPITAL THAT COMES FROM DEBT. IN OTHER WORDS, LEVERAGE FINANCIAL RATIOS ARE USED TO EVALUATE A COMPANY'S DEBT LEVELS.
- **EFFICIENCY RATIOS :** EFFICIENCY RATIOS, ALSO KNOWN AS ACTIVITY FINANCIAL RATIOS, ARE USED TO MEASURE HOW WELL A COMPANY IS UTILIZING ITS ASSETS AND RESOURCES.
- **PROFITABILITY RATIOS** : PROFITABILITY RATIOS MEASURE A COMPANY'S ABILITY TO GENERATE INCOME RELATIVE TO REVENUE, BALANCE SHEET ASSETS, OPERATING COSTS, AND EQUITY.
- **MARKET VALUE RATIOS :**MARKET VALUE RATIOS ARE USED TO EVALUATE THE SHARE PRICE OF A COMPANY'S STOCK.

LIQUIDITY RATIOS

CURRENT RATIO FOR 2022 AND 2021

- CURRENT RATIO = $\dfrac{\text{CURRENT ASSET}}{\text{CURRENT LIABILITY}}$
- CURRENT RATIO = $\dfrac{12{,}827{,}459}{11{,}056{,}858}$
- CURRENT RATIO = 1.1601 TIMES

- CURRENT RATIO = $\dfrac{\text{CURRENT ASSET}}{\text{CURRENT LIABILITY}}$
- CURRENT RATIO = $\dfrac{15{,}387{,}438}{11{,}266{,}830}$
- CURRENT RATIO = 1.37 TIMES

INTERPRETATION:

A high current ratio is *generally* considered a favorable sign for the company. Creditors are more willing to extend credit. If the current ratio computation results in an amount greater than 1, it means that the company has adequate current assets to settle its current liabilities. In the above calculation ,Company has current assets 1.16 times larger than current liabilities. In other words, for every $1 of current liability, the company has $1.16 of current assets available to pay for it. But it has a decrement from the past years which is not a good a sign.

LIQUIDITY RATIOS

CURRENT RATIO FOR 2021 AND 2020

2021

- CURRENT RATIO = $\frac{\text{CURRENT ASSET}}{\text{CURRENT LIABILITY}}$
- CURRENT RATIO = $\frac{15,387,438}{11,266,830}$
- CURRENT RATIO = 1.37 TIMES

2020

- CURRENT RATIO = $\frac{\text{CURRENT ASSET}}{\text{CURRENT LIABILITY}}$
- CURRENT RATIO = $\frac{12,738,300}{8,886,963}$
- CURRENT RATIO = 1.43 TIMES

INTERPRETATION:

A high current ratio is *generally* considered a favorable sign for the company. Creditors are more willing to extend credit. If the current ratio computation results in an amount greater than 1, it means that the company has adequate current assets to settle its current liabilities. In the above calculation ,Company has current assets 1.37 times larger than current liabilities. In other words, for every $1 of current liability, the company has $1.37 of current assets available to pay for it. But it has a decrement from the past year(2020) which is a down going sign.

LIQUIDITY RATIOS

QUICK RATIO FOR

2022

- QUICK RATIO = CASH + MARKETABLE SECURITY +RECEIVABLE
  CURRENT LIABILITIES
- QUICK RATIO = 1,473,159 +9,800,242+449,997…
  11,056,858
- QUICK RATIO = 1.078 TIMES

2021

- QUICK RATIO = CASH + MARKETABLE SECURITY +RECEIVABLE
  CURRENT LIABILITIES
- QUICK RATIO = 2,780,455+11,842,552+49,179…
  11,266,830
- QUICK RATIO = 1.323 TIMES

INTERPRETATION:

A quick ratio that is greater than 1 means that the company has enough quick assets to pay for its current liabilities. Quick assets (cash and cash equivalents, marketable securities, and short-term receivables) are current assets that can be converted very easily into cash. Hence, companies with good quick ratios are favored by creditors.

The quick ratio of 1.078 shows that Company has enough current assets to cover its current liabilities. For every $1 of current liability, the company has $1.078 of quick assets to pay for it. But same as current ratio this is also decreasing through past years with the same percentage.

LIQUIDITY RATIOS

QUICK RATIO FOR

2021

- QUICK RATIO = $\dfrac{\text{CASH + MARKETABLE SECURITY +RECEIVABLE}}{\text{CURRENT LIABILITIES}}$
- QUICK RATIO = $\dfrac{2{,}780{,}455+11{,}842{,}552+49{,}179}{11{,}266{,}830}$
- QUICK RATIO = 1.323 TIMES

2020

- QUICK RATIO = $\dfrac{\text{CASH + MARKETABLE SECURITY +RECEIVABLE}}{\text{CURRENT LIABILITIES}}$
- QUICK RATIO = $\dfrac{4{,}644{,}272+7{,}040{,}059+49{,}321}{8{,}886{,}963}$
- QUICK RATIO = 1.337 TIMES

INTERPRETATION:

A quick ratio that is greater than 1 means that the company has enough quick assets to pay for its current liabilities. Quick assets (cash and cash equivalents, marketable securities, and short-term receivables) are current assets that can be converted very easily into cash. Hence, companies with good quick ratios are favored by creditors.

The quick ratio of 1.323 shows that Company has enough current assets to cover its current liabilities. For every $1 of current liability, the company has $1.323 of quick assets to pay for it. But same as current ratio this is also decreasing through past years with the same percentage.

LEVERAGE RATIOS

DEBT TO ASSETS RATIOS FOR

2022

- DEBT TO ASSETS = $\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}}$
- DEBT TO ASSETS = $\frac{11{,}056{,}858}{24{,}161{,}647}$
- DEBT TO ASSETS = 0.4576 TIMES

2021

- DEBT TO ASSETS = $\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}}$
- DEBT TO ASSETS = $\frac{11{,}266{,}830}{27{,}444{,}638}$
- DEBT TO ASSETS = 0.4105 TIMES

INTERPRETATION:

The debt to asset ratio tells us the percentage of a company's holdings that are leveraged. A higher debt to asset ratio indicates that if a company does not pay off its debts, the loan holder may repossess that capital. It is usually riskier to invest in or provide loans to a company with a higher ratio. From above calculation we can see that the company debt to assets ratio is even less than half times the company's equity. Which denotes most of the company's assets are financed through equity and not from assets. Although it is increasing from past year.

LEVERAGE RATIOS

DEBT TO ASSETS RATIOS FOR

2020

- DEBT TO ASSETS = $\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}}$
- DEBT TO ASSETS = $\frac{8{,}886{,}963}{25{,}510{,}294}$
- DEBT TO ASSETS = 0.3483 TIMES

2021

- DEBT TO ASSETS = $\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}}$
- DEBT TO ASSETS = $\frac{11{,}266{,}830}{27{,}444{,}638}$
- DEBT TO ASSETS = 0.4105 TIMES

INTERPRETATION:

The debt to asset ratio tells us the percentage of a company's holdings that are leveraged. A higher debt to asset ratio indicates that if a company does not pay off its debts, the loan holder may repossess that capital. It is usually riskier to invest in or provide loans to a company with a higher ratio. From above calculation we can see that the company debt to assets ratio is even less than half times the company's equity. Which denotes most of the company's assets are financed through equity and not from assets. Although it is increasing from past year.

LEVERAGE RATIOS

DEBT TO EQUITY RATIOS FOR

2022

- DEBT TO EQUITY = $\frac{\text{TOTAL LIABILITIES}}{\text{SHAREHOLDER'S EQUITY}}$
- DEBT TO EQUITY = $\frac{11,056,858}{13,104,789}$
- DEBT TO EQUITY = 0.8437 TIMES

2021

- DEBT TO EQUITY = $\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL EQUITY}}$
- DEBT TO EQUITY = $\frac{11,266,830}{16,177,808}$
- DEBT TO EQUITY = 0.6964 TIMES

INTERPRETATION:

Debt to equity ratio means that how much both the creditors and shareholders contribute to the assets of the business. A ratio greater than 1 implies that the majority of the assets are funded through debt. A ratio less than 1 implies that the assets are financed mainly through equity.

Since the company ratio is less than 1 which indicates company is managing its own debt from the profits and other earnings. However it is increasing from past year.

LEVERAGE RATIOS

DEBT TO EQUITY RATIOS FOR

2020

- DEBT TO EQUITY = $\frac{\text{TOTAL LIABILITIES}}{\text{SHAREHOLDER'S EQUITY}}$
- DEBT TO EQUITY = $\frac{8.886.963}{15,636,726}$
- DEBT TO EQUITY = 0.56684 TIMES

2021

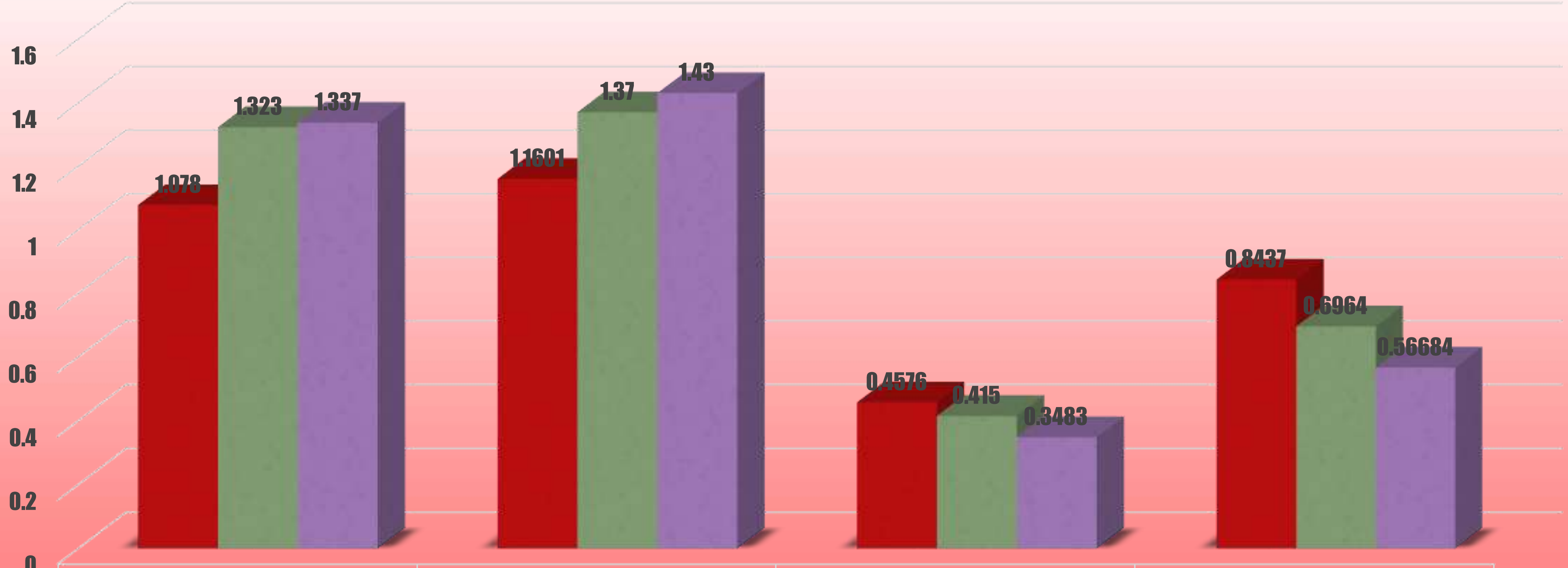
- DEBT TO EQUITY = $\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL EQUITY}}$
- DEBT TO EQUITY = $\frac{11,266,830}{16,177,808}$
- DEBT TO EQUITY = 0.6964 TIMES

INTERPRETATION:

Debt to equity ratio means that how much both the creditors and shareholders contribute to the assets of the business. A ratio greater than 1 implies that the majority of the assets are funded through debt. A ratio less than 1 implies that the assets are financed mainly through equity.

Since the company ratio is less than 1 which indicates company is managing its own debt from the profits and other earnings. However it is increasing from past year.

Graph representation



	QUICK RATIO	CURRENT RATIO	DEBT TO ASSET	DEBT TO EQUITY
2022	1.078	1.1601	0.4576	0.8437
2021	1.323	1.37	0.415	0.6964
2020	1.337	1.43	0.3483	0.56684

2022 2021 2020

LEVERAGE RATIOS

FINANCIAL LEVERAGE RATIOS FOR

2022

- FINANCIAL LEVERAGE = $\dfrac{\text{AVERAGE TOTAL ASSETS}}{\text{AVERAGE TOTAL EQUITY}}$
- FINANCIAL LEVERAGE = $\dfrac{(24,161,647 + 27,444,638)/2}{(13,104,789+16,177,808)/2}$
- FINANCIAL LEVERAGE = $\dfrac{25,803,142.5}{14,461,298.5}$ = 1.7842 TIMES

2021

- FINANCIAL LEVERAGE = $\dfrac{\text{AVERAGE TOTAL ASSETS}}{\text{AVERAGE TOTAL EQUITY}}$
- FINANCIAL LEVERAGE = $\dfrac{(27,444,638 + 25,510,294)/2}{(16,177,808 + 15,636,726)/2}$
- FINANCIAL LEVERAGE = $\dfrac{26,477,366}{15,907,267}$ = 1.6644 TIMES

Interpretation:

Financial leverage tells us how much the company depends on borrowing and how it generates revenue from its debt or borrowing. It is a financial measurements that look at how much capital comes in the form of debt (loans) or assesses the ability of a company to meet its financial obligations. From above measurements the company is meeting with 1.7842 times the leverages of that means the company can pay its debt or borrowing from its assets. In comparison with the past years this ratio is increasing which is best for the company.

LEVERAGE RATIOS

FINANCIAL LEVERAGE RATIOS FOR

2020

- FINANCIAL LEVERAGE = $\dfrac{\text{AVERAGE TOTAL ASSETS}}{\text{AVERAGE TOTAL EQUITY}}$
- FINANCIAL LEVERAGE = $\dfrac{(25{,}510{,}294+27{,}541{,}251)/2}{(15{,}636{,}726+13{,}963{,}183)/2}$
- FINANCIAL LEVERAGE = $\dfrac{26{,}525{,}772.5}{14{,}799{,}954.5}$ = 1.7922 TIMES

2021

- FINANCIAL LEVERAGE = $\dfrac{\text{AVERAGE TOTAL ASSETS}}{\text{AVERAGE TOTAL EQUITY}}$
- FINANCIAL LEVERAGE = $\dfrac{(27{,}444{,}638 + 25{,}510{,}294)/2}{(16{,}177{,}808 + 15{,}636{,}726)/2}$
- FINANCIAL LEVERAGE = $\dfrac{26{,}477{,}366}{15{,}907{,}267}$ = 1.6644 TIMES

Interpretation:

Financial leverage tells us how much the company depends on borrowing and how it generates revenue from its debt or borrowing. It is a financial measurements that look at how much capital comes in the form of debt (loans) or assesses the ability of a company to meet its financial obligations. From above measurements the company is meeting with 1.7842 times the leverages of that means the company can pay its debt or borrowing from its assets. In comparison with the past year this ratio has decreased which is not good for the company.

EFFICIENCY RATIOS

ASSETS TURNOVER RATIOS FOR

2022

- ASSETS TURNOVER = $\frac{\text{NET SALES}}{\text{AVERAGE TOTAL ASSETS}}$
- ASSETS TURNOVER = $\frac{10,026,884}{(24,161,647 + 27,444,638) /2}$
- ASSETS TURNOVER = 0.38859 TIMES

2021

- ASSETS TURNOVER = $\frac{\text{NET SALES}}{\text{AVERAGE TOTAL ASSETS}}$
- ASSETS TURNOVER = $\frac{10,203,775}{(27,444,638 + 25,510,294)/2}$
- ASSETS TURNOVER = 0.3853 TIMES

Interpretation:

The asset turnover ratio measures how effectively a company uses its assets to generate revenue or sales. A higher ratio is generally favored as there is the implication that the company is more efficient in generating sales or revenues. However each industry has its own characteristics, favorable asset turnover ratio calculations will vary from sector to sector.

From above ratio we can determine that the company can pay 0.38 value for the 1 value of an assets which means the company sales is not efficiently utilizing the assets or gaining enough through sales. And in comparison with past years there is no such change has been seen.

EFFICIENCY RATIOS

ASSETS TURNOVER RATIOS FOR

2020

- ASSETS TURNOVER = $\dfrac{\text{NET SALES}}{\text{AVERAGE TOTAL ASSETS}}$
- ASSETS TURNOVER = $\dfrac{8{,}097{,}818}{(25{,}510{,}294+27{,}541{,}251)/2}$
- ASSETS TURNOVER = 0.30528 TIMES

2021

- ASSETS TURNOVER = $\dfrac{\text{NET SALES}}{\text{AVERAGE TOTAL ASSETS}}$
- ASSETS TURNOVER = $\dfrac{10{,}203{,}775}{(27{,}444{,}638 + 25{,}510{,}294)/2}$
- ASSETS TURNOVER = 0.3853 TIMES

Interpretation:

The asset turnover ratio measures how effectively a company uses its assets to generate revenue or sales. A higher ratio is generally favored as there is the implication that the company is more efficient in generating sales or revenues. However each industry has its own characteristics, favorable asset turnover ratio calculations will vary from sector to sector.

From above ratio we can determine that the company can pay 0.38 value for the 1 value of an assets which means the company sales is not efficiently utilizing the assets or gaining enough through sales. And in comparison with past years there is very fractional increment has been caught up.

EFFICIENCY RATIOS

FIXED ASSETS TURNOVER RATIOS FOR

2022

- FIXED ASSETS TURNOVER = $\dfrac{\text{NET SALES}}{\text{AVERAGE TOTAL FIXED ASSETS}}$
- FIXED ASSETS TURNOVER = $\dfrac{10{,}026{,}884}{(11{,}334{,}188 + 12{,}057{,}200)/2}$
- FIXED ASSETS TURNOVER = 0.8573 TIMES

2021

- FIXED ASSETS TURNOVER = $\dfrac{\text{NET SALES}}{\text{AVERAGE TOTAL FIXED ASSETS}}$
- FIXED ASSETS TURNOVER = $\dfrac{10{,}203{,}775}{(12{,}057{,}200 + 12{,}771{,}994)/2}$
- FIXED ASSETS TURNOVER = 0.8219 TIMES

Interpretation:

Fixed Asset Turnover (FAT) is an efficiency ratio that indicates how well or efficiently the business uses fixed assets to generate sales. A high ratio indicates that a business is doing an effective job of generating sales with a relatively small amount of fixed assets. In addition, it may be outsourcing work to avoid investing in fixed assets, or selling off excess fixed asset capacity. Through the calculations we can say that company have 0.85 times to turnover its fixed assets from its sales which is not so bad and if we see the previous years turnover there is no such change that is the company is maintaining its fixed assets turnover throughout the past years.

EFFICIENCY RATIOS

FIXED ASSETS TURNOVER RATIOS FOR

2020

- FIXED ASSETS TURNOVER = $\dfrac{\text{NET SALES}}{\text{AVERAGE TOTAL FIXED ASSETS}}$
- FIXED ASSETS TURNOVER = $\dfrac{8{,}097{,}818}{(12{,}771{,}994+13{,}405{,}364)\ /2}$
- FIXED ASSETS TURNOVER = 0.6187 TIMES

2021

- FIXED ASSETS TURNOVER = $\dfrac{\text{NET SALES}}{\text{AVERAGE TOTAL FIXED ASSETS}}$
- FIXED ASSETS TURNOVER = $\dfrac{10{,}203{,}775}{(12{,}057{,}200\ +\ 12{,}771{,}994\ )/2}$
- FIXED ASSETS TURNOVER = 0.8219 TIMES

Interpretation:

Fixed Asset Turnover (FAT) is an efficiency ratio that indicates how well or efficiently the business uses fixed assets to generate sales. A high ratio indicates that a business is doing an effective job of generating sales with a relatively small amount of fixed assets. In addition, it may be outsourcing work to avoid investing in fixed assets, or selling off excess fixed asset capacity. The fixed assets is increasing from the past year i.e from 2020 now in 2021 the company is more utilizing the fixed assets to generate more sales.

EFFICIENCY RATIOS

PAYABLES TURNOVER RATIOS FOR

2022

- PAYABLES TURNOVER = $\frac{\text{PURCHASE}}{\text{AVERAGE TRADE PAYABLES}}$
- PAYABLES TURNOVER = $\frac{10{,}294{,}082}{(4{,}822{,}707 + 6{,}432{,}479) / 2}$
- PAYABLES TURNOVER = 1.8292 TIMES

2021

- PAYABLES TURNOVER = $\frac{\text{PURCHASE}}{\text{AVERAGE TRADE PAYABLES}}$
- PAYABLES TURNOVER = $\frac{12{,}488{,}589}{(6{,}432{,}479 + 5{,}190{,}675)/2}$
- PAYABLES TURNOVER = 2.1489 TIMES

Interpretation:

The accounts payable turnover ratio indicates to creditors the short-term liquidity and, to that extent, the credit worthiness of the company. Since the company payables is high and a high ratio indicates prompt payment is being made to suppliers for purchases on credit. A high number may be due to suppliers demanding quick payments, or it may indicate that the company is seeking to take advantage of early payment discounts or actively working to improve its credit rating.
But it has decreased from the previous year and is very volatile if we see the past years.

EFFICIENCY RATIOS

PAYABLES TURNOVER RATIOS FOR

2020

- PAYABLES TURNOVER = PURCHASE / AVERAGE TRADE PAYABLES
- PAYABLES TURNOVER = 8,097,818 / (5,190,675+8,406,839) /2
- PAYABLES TURNOVER = 1.1911 TIMES

2021

- PAYABLES TURNOVER = PURCHASE / AVERAGE TRADE PAYABLES
- PAYABLES TURNOVER = 12,488,589 / (6,432,479 + 5,190,675)/2
- PAYABLES TURNOVER = 2.1489 TIMES

Interpretation:

The accounts payable turnover ratio indicates to creditors the short-term liquidity and, to that extent, the credit worthiness of the company. Since the company payables is high and a high ratio indicates prompt payment is being made to suppliers for purchases on credit. A high number may be due to suppliers demanding quick payments, or it may indicate that the company is seeking to take advantage of early payment discounts or actively working to improve its credit rating.
But it has increased from the previous year(2020).

EFFICIENCY RATIOS

RECEIVABLE TURNOVER RATIOS FOR

2022

- RECEIVABLE TURNOVER = $\dfrac{\text{REVENUE}}{\text{AVERAGE TRADE RECEIVABLE}}$
- RECEIVABLE TURNOVER = $\dfrac{10{,}026{,}884}{(9{,}800{,}242 + 11{,}842{,}552)/2}$
- RECEIVABLE TURNOVER = 0.9265 TIMES

2021

- RECEIVABLE TURNOVER = $\dfrac{\text{REVENUE}}{\text{AVERAGE TRADE RECEIVABLE}}$
- RECEIVABLE TURNOVER = $\dfrac{10{,}203{,}775}{(11{,}842{,}552 + 7{,}040{,}059)/2}$
- RECEIVABLE TURNOVER = 1.0807 TIMES

Interpretation:

The accounts receivables turnover ratio measures the number of times a company collects its average accounts receivable balance. It is a quantification of a company's effectiveness in collecting outstanding balances from clients and managing its line of credit process. An efficient company has a higher accounts receivable turnover ratio while an inefficient company has a lower ratio. In our case the company's turnover is below 1 i.e considered as majorly low or worst and in comparison with past years it is continuously fluctuating around figure 1 so it's a problem and company needs to improve it ASAP.

EFFICIENCY RATIOS

RECEIVABLE TURNOVER RATIOS FOR

2020

- RECEIVABLE TURNOVER = REVENUE / AVERAGE TRADE RECEIVABLE
- RECEIVABLE TURNOVER = 8,097,818 / (7,040,059+9,806,697) /2
- RECEIVABLE TURNOVER = 0.9613 TIMES

2021

- RECEIVABLE TURNOVER = REVENUE / AVERAGE TRADE RECEIVABLE
- RECEIVABLE TURNOVER = 10,203,775 / (11,842,552 + 7,040,059)/2
- RECEIVABLE TURNOVER = 1.0807 TIMES

Interpretation:

The accounts receivables turnover ratio measures the number of times a company collects its average accounts receivable balance. It is a quantification of a company's effectiveness in collecting outstanding balances from clients and managing its line of credit process. An efficient company has a higher accounts receivable turnover ratio while an inefficient company has a lower ratio. In 2021 the ratio has increased from year(2020) which is green flag for a company investors.

EFFICIENCY RATIOS

INVENTORY TURNOVER RATIOS FOR

2022

- INVENTORY TURNOVER = $\dfrac{\text{COGS}}{\text{AVERAGE INVENTORY}}$
- INVENTORY TURNOVER = $\dfrac{(8{,}315{,}592)}{(844{,}297 + 544{,}469)/2}$
- INVENTORY TURNOVER = 11.9755 TIMES

2021

- INVENTORY TURNOVER = $\dfrac{\text{COGS}}{\text{AVERAGE INVENTORY}}$
- INVENTORY TURNOVER = $\dfrac{(8{,}820{,}758)}{(544{,}469 + 853{,}335)/2}$
- INVENTORY TURNOVER = 12.62 TIMES

Interpretation:

Inventory turnover ratio measures the velocity of conversion of stock into sales. Usually, a high inventory turnover/Stock velocity indicates efficient management of inventory because more frequently the stocks are sold, the lesser amount of money is required to finance the inventory.

Our company’s turnover of inventory is approximately 12 times which means company’s stocks are been sold in very short time which is a very good sign of profitability however it can be seen that there is a small reduction in the ratio from last year.

EFFICIENCY RATIOS

INVENTORY TURNOVER RATIOS FOR

2020

- INVENTORY TURNOVER = $\frac{\text{COGS}}{\text{AVERAGE INVENTORY}}$
- INVENTORY TURNOVER = $\frac{(6,358,895)}{(853,335+863,183)\ /2}$
- INVENTORY TURNOVER = 7.4090 TIMES

2021

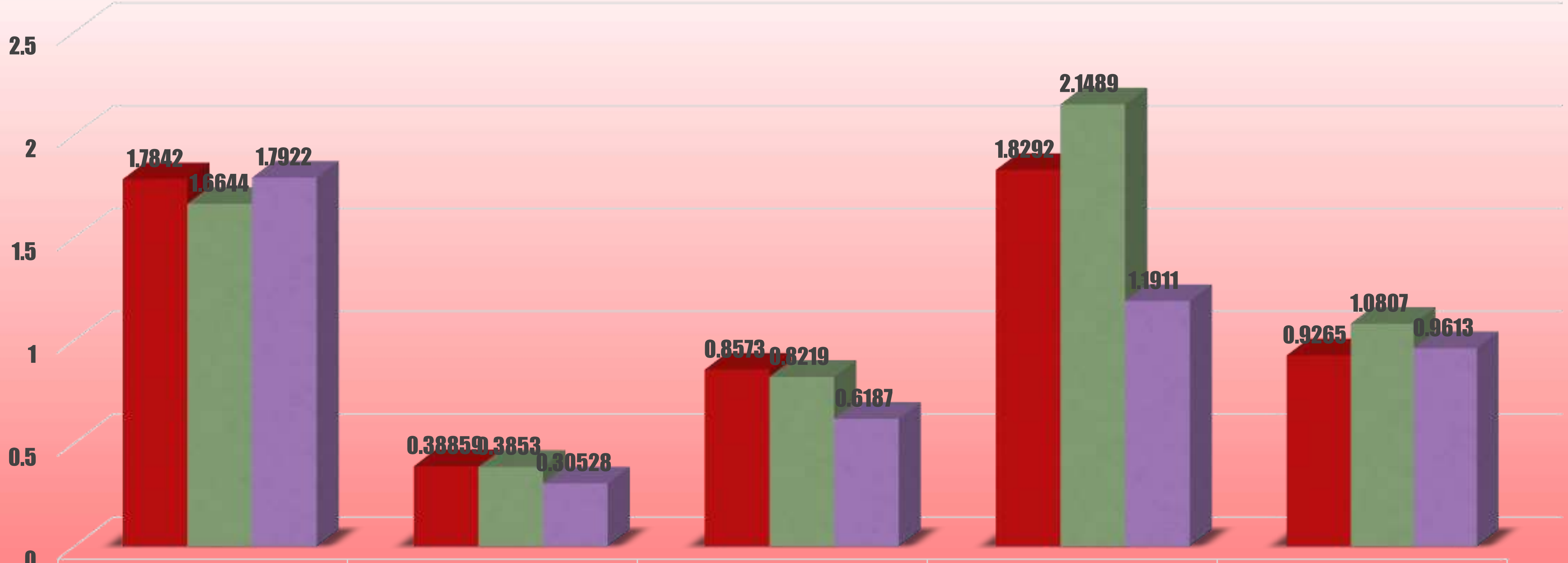
- INVENTORY TURNOVER = $\frac{\text{COGS}}{\text{AVERAGE INVENTORY}}$
- INVENTORY TURNOVER = $\frac{(8,820,758)}{(544,469 + 853,335\ )/2}$
- INVENTORY TURNOVER = 12.62 TIMES

Interpretation:

Inventory turnover ratio measures the velocity of conversion of stock into sales. Usually, a high inventory turnover/Stock velocity indicates efficient management of inventory because more frequently the stocks are sold, the lesser amount of money is required to finance the inventory.

Our company’s turnover of inventory is approximately 12 times for the year(2021)which means company’s stocks are been sold in very short time which is a very good sign of profitability. And from the year(2020) it has increased so much which is again a towards profit going sign.

Graph representation



	FINANCIAL LEVERAGE	ASSET TURNOVER	FIXED ASSET TURNOVER	PAYABLES TURNOVER	RECEIVABLE TURNOVER
2022	1.7842	0.38859	0.8573	1.8292	0.9265
2021	1.6644	0.3853	0.8219	2.1489	1.0807
2020	1.7922	0.30528	0.6187	1.1911	0.9613

2022 2021 2020

EFFICIENCY RATIOS

NO. OF DAYS OF PAYABLES RATIOS FOR

2022

- NO. OF DAYS OF PAYABLES = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{PAYABLES TURNOVER}}$
- NO. OF DAYS OF PAYABLES = $\frac{365}{1.8292}$
- NO. OF DAYS OF PAYABLES = 199 DAYS

2021

- NO. OF DAYS OF PAYABLES = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{PAYABLES TURNOVER}}$
- NO. OF DAYS OF PAYABLES = $\frac{365}{2.1489}$
- NO. OF DAYS OF PAYABLES = 169 DAYS

Interpretation:

Days Payable Outstanding (DPO) measures the number of days a company takes on average before paying outstanding supplier/vendor invoices for purchases made on credit, rather than cash. No. of days of payables is calculated as 199 days which means the payments for purchases is been made in these days because of the supplier's demanding.199 days is not very advantageous for the company because the longer time in payments could only benefits the company however from the past years its been increasing on short scale which is a good sign.

EFFICIENCY RATIOS

NO. OF DAYS OF PAYABLES RATIOS FOR

2020

- NO. OF DAYS OF PAYABLES = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{PAYABLES TURNOVER}}$
- NO. OF DAYS OF PAYABLES = $\frac{365}{1.1911}$
- NO. OF DAYS OF PAYABLES = 306.44 DAYS

2021

- NO. OF DAYS OF PAYABLES = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{PAYABLES TURNOVER}}$
- NO. OF DAYS OF PAYABLES = $\frac{365}{2.1489}$
- NO. OF DAYS OF PAYABLES = 169 DAYS

Interpretation:

Days Payable Outstanding (DPO) measures the number of days a company takes on average before paying outstanding supplier/vendor invoices for purchases made on credit, rather than cash. No. of days of payables is calculated as 169 days for the year(2021) which means the payments for purchases is been made in these days because of the supplier's demanding. To look at this devastating change of days from past year(2020) to year(2021) we can easily say that it has lowered the days at half which is a very bad report in this ratio.

EFFICIENCY RATIOS

NO. OF DAYS OF RECEIVABLE RATIOS FOR

2022

- NO. OF DAYS OF RECEIVABLE = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{RECEIVABLE TURNOVER}}$
- NO. OF DAYS OF RECEIVABLE = $\frac{365}{0.9265}$
- NO. OF DAYS OF RECEIVABLE = 394 DAYS (APPROX)

2021

- NO. OF DAYS OF RECEIVABLE= $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{RECEIVABLE TURNOVER}}$
- NO. OF DAYS OF RECEIVABLE = $\frac{365}{1.0807}$
- NO. OF DAYS OF RECEIVABLE = 338 DAYS (APPROX)

Interpretation:

The accounts receivable turnover in days shows the average number of days that it takes a customer to pay the company for sales on credit. A high ratio can suggest that the company follows a conservative credit policy such as net-20-days or even a net-10-days policy. In above calculation it indicates that the company is receiving payments of sales in 394 days which is not very profitable and throughout the previous year this ratio is above 300 days and has not decrease its no. of days.

EFFICIENCY RATIOS

NO. OF DAYS OF RECEIVABLE RATIOS FOR

2020

- NO. OF DAYS OF RECEIVABLE = $\dfrac{\text{NO. OF DAYS IN PERIOD}}{\text{RECEIVABLE TURNOVER}}$
- NO. OF DAYS OF RECEIVABLE = $\dfrac{365}{0.9613}$
- NO. OF DAYS OF RECEIVABLE = 379 DAYS (APPROX)

2021

- NO. OF DAYS OF RECEIVABLE= $\dfrac{\text{NO. OF DAYS IN PERIOD}}{\text{RECEIVABLE TURNOVER}}$
- NO. OF DAYS OF RECEIVABLE = $\dfrac{365}{1.0807}$
- NO. OF DAYS OF RECEIVABLE = 338 DAYS (APPROX)

Interpretation:

The accounts receivable turnover in days shows the average number of days that it takes a customer to pay the company for sales on credit. A high ratio can suggest that the company follows a conservative credit policy such as net-20-days or even a net-10-days policy. In above calculation it indicates that the company is receiving payments of sales in 338 days of year(2021) which is not very profitable and from the previous year this ratio is also above 300 days and has decrease its no. of days very less.

EFFICIENCY RATIOS

NO. OF DAYS OF INVENTORY RATIOS FOR

2022

- NO. OF DAYS OF INVENTORY = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{INVENTORY TURNOVER}}$
- NO. OF DAYS OF INVENTORY = $\frac{365}{11.9755}$
- NO. OF DAYS OF INVENTORY = 30 DAYS

2021

- NO. OF DAYS OF INVENTORY = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{INVENTORY TURNOVER}}$
- NO. OF DAYS OF INVENTORY = $\frac{365}{12.62}$
- INVENTORY TURNOVER = 29 DAYS (APPROX)

Interpretation:

The days sales of inventory (DSI) is a financial ratio that indicates the average time in days that a company takes to turn its inventory, including goods that are a work in progress, into sales. As a view of our company's ratio it says that it takes upto 30 days to sold an inventory or restock an inventory which is a beneficial point for the company and in a comparison with past years there is no dynamically change been caught.

EFFICIENCY RATIOS

NO. OF DAYS OF INVENTORY RATIOS FOR

2020

- NO. OF DAYS OF INVENTORY = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{INVENTORY TURNOVER}}$
- NO. OF DAYS OF INVENTORY = $\frac{365}{7.4090}$
- NO. OF DAYS OF INVENTORY = 49 DAYS (APPROX.)

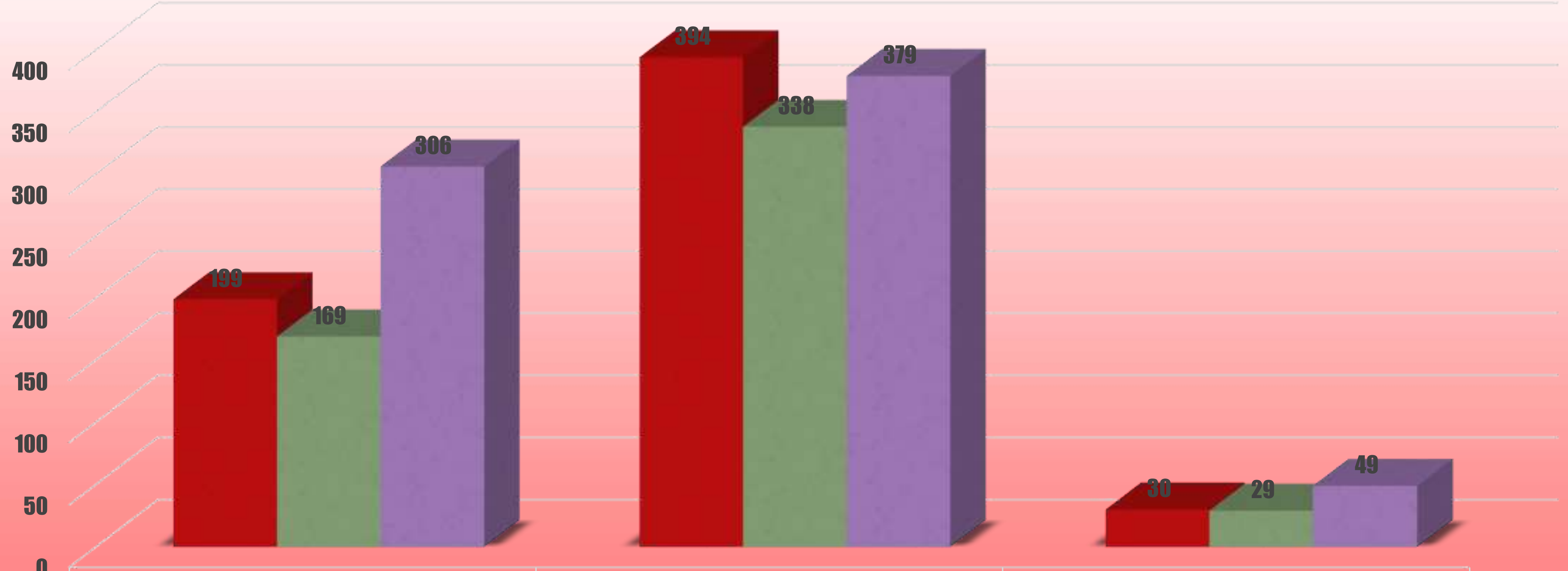
2021

- NO. OF DAYS OF INVENTORY = $\frac{\text{NO. OF DAYS IN PERIOD}}{\text{INVENTORY TURNOVER}}$
- NO. OF DAYS OF INVENTORY = $\frac{365}{12.62}$
- INVENTORY TURNOVER = 29 DAYS (APPROX)

Interpretation:

The days sales of inventory (DSI) is a financial ratio that indicates the average time in days that a company takes to turn its inventory, including goods that are a work in progress, into sales. As a view of our company's ratio it says that it takes upto 30 days to sold an inventory or restock an inventory which is a beneficial point for the company and in a comparison with past year(2020) the days has decreased which is great because the less time it takes to sold out inventory is faster the re-stock will work.

Graph representation



	DAYS OF PAYABLES	DAYS OF RECEIVABLE	DAYS OF INVENTORY
2022	199	394	30
2021	169	338	29
2020	306	379	49

2022 2021 2020

PROFITABILITY RATIOS

GROSS PROFIT MARGIN FOR

2022

- GROSS PROFIT MARGIN $= \dfrac{\text{GROSS PROFIT}}{\text{REVENUE}}$
- GROSS PROFIT MARGIN $= \dfrac{1{,}711{,}292}{10{,}026{,}884}$
- GROSS PROFIT MARGIN = 0.1706 = 17.06%

2021

- GROSS PROFIT MARGIN $= \dfrac{\text{GROSS PROFIT}}{\text{REVENUE}}$
- GROSS PROFIT MARGIN $= \dfrac{1{,}383{,}017}{10{,}203{,}775}$
- GROSS PROFIT MARGIN = 0.1355 = 13.55 %

Interpretation:

The gross profit margin is the proportion of sales revenue that is left once the cost of sales have been paid. It tells the business how much gross profit is made for every pound of sales revenue received. In our company case it has been measured as 17 % which is below average but considered as profitable and from the past year it has increased gradually which is a good sign of our company's efficiencies.

PROFITABILITY RATIOS

GROSS PROFIT MARGIN FOR

2020

- GROSS PROFIT MARGIN = $\frac{\text{GROSS PROFIT}}{\text{REVENUE}}$
- GROSS PROFIT MARGIN = $\frac{1,738,923}{8,097,818}$
- GROSS PROFIT MARGIN = 0.1706 = 21.47%

2021

- GROSS PROFIT MARGIN = $\frac{\text{GROSS PROFIT}}{\text{REVENUE}}$
- GROSS PROFIT MARGIN = $\frac{1,383,017}{10,203,775}$
- GROSS PROFIT MARGIN = 0.1355 = 13.55 %

Interpretation:

The gross profit margin is the proportion of sales revenue that is left once the cost of sales have been paid. It tells the business how much gross profit is made for every pound of sales revenue received. In our company case it has been measured for the year(2021) 13.55% which is below average however considered as profitable but incomparision with previous year(2020) it has decreased its high portion which is very futile.

PROFITABILITY RATIOS

OPERATING PROFIT MARGIN FOR

2022

- OPERATING PROFIT MARGIN = $\frac{\text{OPERATING PROFIT}}{\text{REVENUE}}$
- OPERATING PROFIT MARGIN = $\frac{1,343,613}{10,026,884}$
- OPERATING PROFIT MARGIN = 0.13400 = 13.40 %

2021

- OPERATING PROFIT MARGIN = $\frac{\text{OPERATING PROFIT}}{\text{REVENUE}}$
- OPERATING PROFIT MARGIN = $\frac{1,162,673}{10,203,775}$
- OPERATING PROFIT MARGIN = 0.11394 = 11.394 %

Interpretation:

The operating profit margin informs both business owners and investors how efficiently a company can convert a value of revenue into a value of profit after accounting for all the expenses required to run the business.

From the above measurements the operating profit margin is 13 % which a positive sign for both the owner and potential investor and existing creditor’s. This means the company’s operating margin creates value for shareholders and continuous loan servicing for lenders.

PROFITABILITY RATIOS

OPERATING PROFIT MARGIN FOR

2020

- **OPERATING PROFIT MARGIN = $\frac{\text{OPERATING PROFIT}}{\text{REVENUE}}$**
- **OPERATING PROFIT MARGIN = $\frac{1,648,530}{8,097,818}$**
- **OPERATING PROFIT MARGIN = 0.13400 = 20.358 %**

2021

- **OPERATING PROFIT MARGIN = $\frac{\text{OPERATING PROFIT}}{\text{REVENUE}}$**
- **OPERATING PROFIT MARGIN = $\frac{1,162,673}{10,203,775}$**
- **OPERATING PROFIT MARGIN = 0.11394 = 11.394 %**

Interpretation:

The operating profit margin informs both business owners and investors how efficiently a company can convert a value of revenue into a value of profit after accounting for all the expenses required to run the business.

From the above measurements the operating profit margin is 11% for year(2021) which a positive sign for both the owner and potential investor and existing creditor's. This means the company's operating margin creates value for shareholders and continuous loan servicing for lenders. But it has decreased from the previous year(2020).

PROFITABILITY RATIOS

NET PROFIT MARGIN FOR

2022

- NET PROFIT MARGIN = $\frac{\text{NET PROFIT}}{\text{REVENUE}}$
- NET PROFIT MARGIN = $\frac{1,471,756}{10,026,884}$
- NET PROFIT MARGIN = 0.14678 = 14.67%

2021

- NET PROFIT MARGIN = $\frac{\text{NET PROFIT}}{\text{REVENUE}}$
- NET PROFIT MARGIN = $\frac{1,594,307}{10,203,775}$
- NET PROFIT MARGIN = 0.15624 = 15.624 %

Interpretation:

Net profit margin measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenues for a company or business segment.
Above calculated net profit margin indicates that the company is making 14 % total profits from its sales which again a positive sign for everybody the owners, potential investor and creditors.

PROFITABILITY RATIOS

NET PROFIT MARGIN FOR

2020

- **NET PROFIT MARGIN = $\frac{\text{NET PROFIT}}{\text{REVENUE}}$**
- **NET PROFIT MARGIN = $\frac{2,079,170}{8,097,818}$**
- **NET PROFIT MARGIN = 0.2567 = 25.675%**

2021

- **NET PROFIT MARGIN = $\frac{\text{NET PROFIT}}{\text{REVENUE}}$**
- **NET PROFIT MARGIN = $\frac{1,594,307}{10,203,775}$**
- **NET PROFIT MARGIN = 0.15624 = 15.624 %**

Interpretation:

Net profit margin measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenues for a company or business segment.

Above calculated net profit margin indicates that the company is making 16% total profits from its sales which again a positive sign for everybody the owners, potential investor and creditors. But it has sadly decreased from previous year(2020).

PROFITABILITY RATIOS

OPERATING ROA FOR

2022

- OPERATING ROA = $\dfrac{\text{OPERATING INCOME}}{\text{AVERAGE TOTAL ASSETS}}$
- OPERATING ROA = $\dfrac{1{,}343{,}613}{(24{,}161{,}647 + 27{,}444{,}638)/2}$
- OPERATING ROA = 0.050207 = 5.02 %

2021

- OPERATING ROA = $\dfrac{\text{OPERATING INCOME}}{\text{AVERAGE TOTAL ASSETS}}$
- OPERATING ROA = $\dfrac{1{,}162{,}673}{(27{,}444{,}638 + 25{,}510{,}294)/2}$
- OPERATING ROA = 0.04391 = 4.391 %

Interpretation:

The return on operating assets measures a company's profitability that indicates how profitable a company is in relation to its total assets. A higher ratio indicates a more efficient use of its revenue-raising assets. 5 % return is foresighted as very desirably beneficial and in comparison with past years it has been deliberately increasing.

PROFITABILITY RATIOS

OPERATING ROA FOR

2020

- OPERATING ROA = $\dfrac{\text{OPERATING INCOME}}{\text{AVERAGE TOTAL ASSETS}}$
- OPERATING ROA = $\dfrac{1{,}648{,}530}{(25{,}510{,}294+27{,}541{,}251)\ /2}$
- OPERATING ROA = 0.06214 = 6.214 %

2021

- OPERATING ROA = $\dfrac{\text{OPERATING INCOME}}{\text{AVERAGE TOTAL ASSETS}}$
- OPERATING ROA = $\dfrac{1{,}162{,}673}{(27{,}444{,}638 + 25{,}510{,}294)/2}$
- OPERATING ROA = 0.04391 = 4.391 %

Interpretation:

The return on operating assets measures a company’s profitability that indicates how profitable a company is in relation to its total assets. A higher ratio indicates a more efficient use of its revenue-raising assets.
4 % return is foresighted as very desirably considered as beneficial and in comparison with previous year(2020) it has a decrement.

PROFITABILITY RATIOS

RETURN ON EQUITY FOR

2022

- RETURN ON EQUITY = $\frac{\text{NET INCOME}}{\text{OWNER'S EQUITY}}$
- RETURN ON EQUITY = $\frac{1,471,756}{13,104,789}$
- RETURN ON EQUITY = 0.112306 = 11.2306 %

2021

- RETURN ON EQUITY = $\frac{\text{NET INCOME}}{\text{OWNER'S EQUITY}}$
- RETURN ON EQUITY = $\frac{1,594,307}{16,177,808}$
- RETURN ON EQUITY = 0.09854 = 9.854 %

Interpretation:

Return on equity (ROE) is a measurement of how effectively a business uses equity – or the money contributed by its stockholders and cumulative retained profits – to produce income. In other words, ROE indicates a company's ability to turn equity capital into net profit.

a good ROE hovers around 15 to 20 percent however 11 percent also is cannot be taken in negative sense and through the analysis the ROE is kept growing that's a good relief.

PROFITABILITY RATIOS

RETURN ON EQUITY FOR

2020

- **RETURN ON EQUITY = $\dfrac{\text{NET INCOME}}{\text{OWNER'S EQUITY}}$**
- **RETURN ON EQUITY = $\dfrac{2{,}079{,}170}{15{,}636{,}726}$**
- **RETURN ON EQUITY = 0.13297 = 13.297 %**

2021

- **RETURN ON EQUITY = $\dfrac{\text{NET INCOME}}{\text{OWNER'S EQUITY}}$**
- **RETURN ON EQUITY = $\dfrac{1{,}594{,}307}{16{,}177{,}808}$**
- **RETURN ON EQUITY = 0.09854 = 9.854 %**

Interpretation:

Return on equity (ROE) is a measurement of how effectively a business uses equity – or the money contributed by its stockholders and cumulative retained profits – to produce income. In other words, ROE indicates a company's ability to turn equity capital into net profit.

a good ROE hovers around 15 to 20 percent **b**ut in above calculation it has only been report at 10% approx. for the year(2021). which is not so bad however but its decrement from previous year(2020) is kind of injurious.

Graph representation

	GROSS PROFIT MARGIN	OPERATING PROFIT MARGIN	NET PROFIT MARGIN	OPERATING ROA	RETURN ON EQUITY
2022	17.06	13.4	14.67	5.02	11.2306
2021	13.55	11.394	15.624	4.391	9.854
2020	21.47	20.358	25.675	6.214	13.297

2022 2021 2020

ratios of last
six years

		2022	2021	2020	2019	2018	2017
Profitability Ratios:							
Gross profit to sales		17%	14%	21%	27%	26%	24%
Net profit to sales	%	15%	16%	26%	26%	22%	21%
EBITDA Margin to Sales	%	29%	27%	42%	36%	33%	31%
Return on Equity	%	11%	10%	13%	24%	23%	24%
Return on Capital Employed	%	11%	10%	14%	23%	18%	16%
Operating leverage ratio	Times	-3.9	-1.0	0.9	2.6	4.0	23.1
Liquidity Ratios:							
Current ratio	Times	1.16	1.37	1.43	1.04	0.87	0.92
Quick / acid test ratio	Times	1.08	1.32	1.34	0.98	0.79	0.82
Cash and cash equivalents to Current Liabilities	%	-54%	-42%	-41%	-27%	-31%	-36%
Cash flow from Operations to Sales	%	43%	4%	30%	32%	28%	26%
Activity / Turnover Ratios:							
No. of days in receivables	Days	394	338	380	241	202	149
Debtors turnover ratio.	Times	0.93	1.08	0.96	1.52	1.80	2.45
No. of days in payables	Days	171	188	317	194	111	41
Credit turnover ratio.	Times	2.13	1.94	1.15	1.88	3.28	8.82
Total assets turnover ratio	Times	0.41	0.37	0.32	0.48	0.49	0.54
Fixed Assets turnover ratio	Times	0.88	0.85	0.63	0.98	0.86	0.87
Operating cycle	Days	223	150	62	47	91	108
Investment / Market Ratios:							
Earnings per share	(PKR)	4.55	4.92	6.42	10.51	8.11	7.38
Price earnings ratio	(Times)	5.45	3.93	3.10	2.49	3.51	4.47
Price to book ratio	(Times)	0.62	0.39	0.41	0.61	0.80	1.09
Dividend payout ratio	(%)	176%	152%	47%	29%	18%	44%
Dividend cover ratio	(%)	57%	66%	214%	350%	541%	227%
Dividend yeild ratio	(%)	32%	39%	15%	11%	5%	10%
Market value per share at the end of the year and	(PKR)	24.78	19.33	19.90	26.19	28.50	33.02
high during the year	(PKR)	30.15	23.19	27.63	30.45	35.50	38.25
low during the year	(PKR)	19.00	16.76	17.17	18.93	28.00	30.55
Breakup value per share	(PKR)	40.47	49.96	48.29	43.12	35.62	30.30
Cash dividend per share	(PKR per share)	8.00	7.50	3.00	3.00	1.50	3.25
Capital Structure Ratios:							
Financial leverage ratio	(Times)	0.00	0.00	0.00	0.06	0.31	0.50
Weighted average cost of debt	(%)	0%	0%	5%	8%	6%	5%
Debt to Equity ratio (as per book)	(Times)	0.00	0.00	0.00	0.06	0.31	0.50
Debt to Equity ratio (as per market value)	(Times)	0.00	0.00	0.00	0.10	0.39	0.46
Interest cover ratio	(Times)	0.00	0.00	79.39	19.61	10.61	9.83